

## Message Text

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PAGE 01 JAKART 05110 270647Z

21

ACTION EA-14

INFO OCT-01 ISO-00 AID-20 CIAE-00 EB-11 FRB-02 INR-10

NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03 CIEP-02

LAB-06 SIL-01 OMB-01 AGR-20 FEA-02 INT-08 SS-20 NSC-07

DRC-01 /149 W

----- 086159

R 270100Z APR 74

FM AMEMBASSY JAKARTA

TO USDOC WASHDC

SECSTATE WASHDC 1998

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

AMCONGEN HONG KONG

AMEMBASSY MANILA

INFO AMCONSUL SURABAYA

AMCONSUL MEDAN

UNCLAS JAKARTA 5110

PASS EXIMBANK

HONG KONG PASS RAND

USDOC FOR MAJOR EXPORT PROJECTS DIVISION

SECSTATE FOR EA/IMS AND EA/EP A. GEBER

E.O. 11652: N/A

TAGS: BEXP, ID, BMED

SUBJ: MTO FERTILIZER: MAJOR PROJECTS TEAM VISIT

REF: A) JAKARTA 3570

B) JAKARTA A-55

C) JAKARTA 4480

1. FINAL TVA REPORT TO AGUS SUJONO, DIRECTOR GENERAL

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PAGE 02 JAKART 05110 270647Z

CHEMICAL INDUSTRIES, ON NITROGEN FERTILIZER NOW COM-

PLETED AND BEING REPRODUCED. WILL THEN BE SUBMITTED TO AGUS FOR REVIEW AND REACTION, AFTER WHICH EMBASSY WILL BE ABLE FORWARD COPY TO USDOC AROUND MID-MAY.

2. FINAL REPORT ESSENTIALLY PROVIDES HARD DATA CONFIRMING FEBRUARY 20 PRELIMINARY REPORT ASSESSMENT OF INDONESIAN EXPORT POTENTIAL. REPORT ARGUES THAT UNDER ALMOST ANY ANTICIPATED REASONABLE CIRCUMSTANCES INDONESIA WILL HAVE PREEMINENT COST ADVANTAGE OVER OTHER POTENTIAL EXPORTERS OF EITHER AMMONIA OR UREA TO ASEAN COUNTRIES. MOREOVER, COST STRUCTURE WILL ENABLE INDONESIA ALSO COMPETE EFFECTIVELY IN SUPPLYING AMMONIA THROUGHOUT ENTIRE MARKET AREA FROM EAST COAST INDIA TO AND INCLUDING SOUTHERN HALF PRC.

3. IN COURSE GATHERING DATA FOR FINAL REPORT TVA ABLE PIN DOWN WITH GOI GAS PRICING SITUATION RE AMMONIA PRODUCTION. IT TRUE THAT PRICE OF GAS CONTAINED IN FIELDS LARGE ENOUGH SUPPORT LNG FACILITY WILL BE \$1.40 - \$1.50. HOWEVER, MIGAS DIR. OIL AND GAS WIRJARSO SAID THAT GAS CONTAINED IN FIELDS TOO SMALL FOR LNG PRODUCTION WILL BE PRICED AT 50-60 CENTS PER 1000 CU. FT. MOREOVER, FOR FIRST TIME, HE INDICATED THREE ARE SUFFICIENT NUMBER OF SUCH SMALLER FIELDS TO SUPPORT ANY AMMONIA PRODUCTION THUS FAR CONTEMPLATED - HE MENTIONED APPROPRIATE SIZED FIELDS EXISTING AT BALIKPAPAN, TANDJUNG SELATAN ( POSSIBLY A CORRECTION FROM THE KALIMANTAN SITE EARLIER REPORTED AS "TANDJUNG SANTAN"), AND PALEMBANG. THUS, EMBASSY BELIEVES COMPANIES CAN NOW SAFELY ASSUME GAS PRICE FOR FERTILIZER WILL BE APPROXIMATELY 60C.

4. MEANWHILE, APRIL 15 JAKARTA PRESS REPORT DATED LINED MANILA STATES THAT PHILIPPINE SEC. AGRICULTURE TANCO RECOMMENDED TO ASEAN A "FERTILIZER COMPLEMENTATION SCHEME" SIMILAR TO PHILIPPINE/INDONESIAN PHOSPHATE FOR NITROGEN EXCHANGE PLAN.

5. IN LIGHT THESE DEVELOPMENTS IT NOW SEEMS CLEAR UNCLASSIFIED

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PAGE 03 JAKARTA 05110 270647Z

GOI HAS EVERY REASON TO BUILD ALL NITROGEN FERTILIZER PLANTS PREVIOUSLY CONSIDERED, AND PERHAPS OTHERS AS WELL. FURTHERMORE, GAS PRICING HAS BEEN ELIMINATED AS MAJOR DETERENT TO FOREIGN INVESTOR INTEREST. THUS EMBASSY ANTICIPATES THAT DEVELOPMENTS WILL PROCEED VERY RAPIDLY FROM THIS POINT ON. EMBASSY THEREFORE STRONGLY RECOMMENDS THAT INTERESTED U.S.

OPERATOR AND CONSTRUCTOR FIRMS COMMENCE TO  
MAINTAIN CONSTANT CONTACT WITH KEY INDONESIAN  
AGENCIES AND PREPARE TO SUBMIT CONCRETE PRO-  
POSALS AS SOON AS POSSIBLE FOLLOWING GOI RECEIPT  
OF TVA REPORT, RECOGNIZING THAT EXIM BANK FINANCING  
MAY BE CRITICAL SUCCESS FACTOR FOR SOME PROPOSALS.  
EMBASSY PREPARED ADVISE AND ASSIST U.S. FIRMS  
INDIVIDUALLY AT THIS IMPORTANT PROPOSAL STAGE,  
BUT INITIATIVE AND PRIMARY EFFORT MUST REMAIN WITH  
THE FIRMS THEMSELVES.

6. ACTION REQUESTED: MEPD PLEASE INFORM ALL FIRMS  
WHO PARTICIPATED IN MARCH FERTILIZER ADVANCE TEAM VISIT  
AND PLEASE CONDUCT CANVAS REQUESTED REF (B). MANILA  
PLEASE INFORM HALSELL OF J. R. PRITCHARD, TOKYO INFORM  
MAYER OF AGRICO, SINGAPORE INFORM SCHMELTZ OF IMC,  
HONG KONG INFORM GOUDEY OF UNION CARBIDE.  
NEWSOM

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 APR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Original Handling Restrictions:** n/a  
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**Previous Classification:** n/a  
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**Reference:** A) JAKARTA 3570  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MTO FERTILIZER: MAJOR PROJECTS TEAM VISIT  
**TAGS:** BEXP, ID  
**To:** COM  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005